

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking	)	
and Insurance, State of New Jersey, to fine	)	CONSENT
the insurance license of Chappan Insurance,	)	ORDER
Brokerage Reference No. 1584343 and Joseph	)	
Chappan Reference No. 1580003	)	

To: Chappan Insurance Brokerage, Inc.	Joseph Chappan
1544 East 2 <sup>nd</sup> Street	1158 East 8 <sup>th</sup> Street
Brooklyn, NY 11230	Brooklyn, NY 11230

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Chappan Insurance Brokerage, Inc. (“CIB”), currently licensed as a non-resident business entity insurance producer, pursuant to N.J.S.A. 17:22A-34, and its designated responsible producer (DRLP), Joseph Chappan (“Chappan”), currently licensed as a non-resident individual insurance producer, pursuant to N.J.S.A. 17:22A-34, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, CIB and Chappan (collectively “Respondents”) are subject to the provisions of New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a (2) an insurance producer shall not violate any insurance laws, or violate any regulation, subpoena or order of the Commissioner or of another state's insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a (8) an insurance producer shall not use fraudulent, coercive, or dishonest practices, or demonstrate incompetence, lack of trustworthiness or financial irresponsibility in the conduct of insurance business in this State; and

WHEREAS, pursuant to N.J.S.A. 17:22A-41(a) an insurer or insurance producer shall not pay a commission, service fee, brokerage or other valuable consideration to a person for selling, soliciting or negotiating insurance in this State if that person is required to be licensed under this act and is not so licensed; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.3(d) no licensed insurance producer shall permit or allow any unlicensed person to transact the business of an insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(a) each place of business maintained by an insurance producer for the purpose of transacting the business of insurance shall be under the direct supervision of an insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-1.6(c) licensed partners, officers and directors, and all owners with an ownership of 10 percent or more in the organization shall be held responsible for all insurance related conduct of the organization licensee, any of its branch offices, its other licensed officers or partners, and its employees; and

WHEREAS, pursuant to N.J.A.C. 11:17-2.10 (b) 2 the employment of a producer by another producer is subject to the requirement that the employer shall examine the credentials of the employee to determine that he or she is licensed to conduct the kinds of business described in the contract; and

WHEREAS, on June 30, 2015 the New Jersey insurance producer license of CD expired and on July 9, 2015 the Respondents entered into an employment contract with CD to solicit insurance business for the Respondents and employed CD from July 1, 2015 to August 7, 2015 during which period he solicited, negotiated and/or effected insurance, in violation of N.J.S.A. 17:22A-40a (2), (4) and (8), N.J.S.A. 17:22A-41(a), N.J.A.C. 11:17-2.10 (b) 2, N.J.A.C. 11:17A-1.3(d) and N.J.A.C. 11:17A-1.6 (a) and (c); and

WHEREAS, Respondents:

- 1) Have admitted responsibility for the aforementioned violations; and
- 2) Have cooperated fully with the New Jersey Department of Banking and Insurance's ("Department") investigation; and

WHEREAS, cause does exist under N.J.S.A. 17:22A-40(a) and N.J.S.A. 17:22A-45c to impose a fine; and

WHEREAS, Respondents have waived their right to a hearing on the aforementioned violations and have consented to the payment of a fine in the amount of \$5,000.00; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing; and

NOW, THEREFORE, IT IS on this 13<sup>th</sup> day of APRIL 2016,

ORDERED AND AGREED, that the Respondents shall pay a fine in the amount of \$5,000.00 to the Department; and

IT IS FURTHER ORDERED AND AGREED, that said fine shall be paid by certified check, cashier's check or money order made payable to the State of New Jersey, General Treasury in one payment of \$5,000.00 due and payable immediately upon the execution of this Consent Order by Respondents; and


IT IS FURTHER ORDERED AND AGREED that the signed Consent Order together with the payment of \$5,000.00 shall be remitted to:

New Jersey Department of Banking and Insurance  
ATTN: Virgil Downtin, Chief of Investigations  
9th Floor, Consumer Protection Services, Enforcement  
P O Box 329  
Trenton, New Jersey 08625

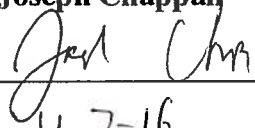
IT IS FURTHER ORDERED AND AGREED, that in the event full payment of the fine is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to, recovery of any unpaid penalties in summary proceedings, in accordance with the penalty enforcement law, N.J.S.A. 2A:58-10 et seq.; and

IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein; and

IT IS FURTHER ORDERED AND AGREED that the Respondent shall cease and desist from engaging in the conduct that gave rise to this Consent Order.

  
Peter L. Hartt  
Director of Insurance

Consented to as to  
Form, Content and Entry

**Joseph Chappan**  
By:   
Date: 4-7-16

**Chappan Insurance Brokerage Inc.**  
Joseph Chappan  
V.P. 04-07-16  
(Print Name, Title and Date)

Notary completed only  
on behalf of Joseph Chappan

**Radika D Almeida**  
Notary Public  
New Jersey  
My Commission Expires 2-12-2021  
No. 80032287